92-05479/

ANNUAL REPORT

for the fiscal year
ending March 31, 1990

Nova Scotia Lottery Commission

His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor of the
Province of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the annual report of the Nova Scotia Lottery Commission for the fiscal year ended March 31, 1990.

I am, Your Honour,

Yours sincerely,

Greg Kerr

Greg Kerr
Minister

The Honourable Greg Kerr
Minister in Charge of
Administration of
The Lottery Act
Province of Nova Scotia

Dear Sir

Presented herewith in accordance with Section 15(1) of The Lottery Act, 1976, c.14, s.1, is the annual report of the Nova Scotia Lottery Commission for the year ending March 31, 1990.

Respectfully submitted

D.T. Tobin, C.A.
Chairman

CHAIRMAN'S REPORT

The enactment of a new lottery regulatory regime dealing specifically with bingo, ticket draws, and games of chance highlighted the activities of the Nova Scotia Lottery Commission for the fiscal year ending March 31, 1990.

Following a detailed review, the new consolidated regulations came into force in October 1989. These regulations provide charitable, religious, and community organizations utilizing lotteries for fund raising purposes a clear and concise legal framework for conducting lotteries in Nova Scotia.

Revenues generated by the Nova Scotia Lottery Commission totalled $29,129,974 for the fiscal year ended March 31, 1990. The major portion of this revenue was derived from Nova Scotia's share of the Atlantic Lottery Corporation's profits, which accounted for $27,577,196. The other significant source was $1,551,771 from licensing fees charged for the 2,578 lottery licenses issued during this fiscal period. During 1989-90, 2,383 lottery permits were granted (authorization to conduct ticket draws for prizes of $150 or less).

This year the charitable and volunteer non-profit groups licensed to sell the Atlantic Club breakopen tickets realized a total of $733,700 to help finance their programs and projects. This was an increase in excess of $100,000 over the previous year.

As a direct result of the acceptability of breakopen tickets and the success achieved in a Nova Scotia market test, the Atlantic Lottery Corporation included this type of game as a regular lottery product offered to their retailers.

During this fiscal period, the Bonus Commission Program generated revenue of $233,378 for various sports, recreation, cultural, and exhibition associations. The declining sales of Auto Plus and Provincial Lottery tickets, upon which this program is based, led Sport Nova Scotia, the Exhibition Associations of Nova Scotia, and the Cultural Federations of Nova Scotia to ask for a complete review of this program. This review is currently underway.

The Commission, as a result of numerous complaints from several police agencies concerning illegal gaming devices being used for

gambling, initiated a study to determine the feasibility of controlling, regulating, and implementing a video lottery program. It is expected a policy will be adopted on this subject in the next fiscal year.

Currently, Mr. Louis Stephen, Deputy Minister of Housing, and I represent the Province of Nova Scotia on the Atlantic Lottery Corporation Board of Directors and during this period I also had the honour to serve as Chairman of the Atlantic Lottery Board.

In Nova Scotia, lotteries continued to be a significant source of revenues for both the charitable and volunteer sectors, as well as for the Government of Nova Scotia.

The following pages contain the audited financial statements of the Nova Scotia Lottery Commission for the fiscal year ended March 31, 1990.

Respectfully submitted,

D.T. Tobin, C.A.
Chairman

PROVINCE OF NOVA SCOTIA

NOVA SCOTIA LOTTERY COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 1990

AUDITOR'S REPORT

To the Minister of Finance; and

To the Chairman and Members of the
Nova Scotia Lottery Commission

I have examined the balance sheet of the Nova Scotia Lottery Commission as at March 31, 1990 and the statement of income for the year then ended. My examination was made in accordance with generally excepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 of the financial statements applied on a basis consistent with that of the previous year.

O.P. Cormier, F.C.A.
Auditor General

August 20, 1990
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
BALANCE SHEET AS AT MARCH 31, 1990

ASSETS

	1990	1989
Current		
Cash	$13,591	$10,181
Due from Atlantic Lottery Corporation Inc.	2,093,465	2,105,541
	2,107,056	2,115,722
Long-term		
Due from Atlantic Lottery Corporation Inc.	440,837	488,195
Investment in Atlantic Lottery Corporation Inc., at cost (Note 3)	100	100
Investment in Interprovincial Lottery Corporation, at cost (Note 4)	1	1
	440,938	448,296
	$2,547,994	$2,564,018

LIABILITIES AND EQUITY

Current		
Accounts payable	$387,551	$394,347
Commissions payable	34,960	64,125
Due to Province of Nova Scotia (Note 5)	1,684,646	1,657,351
	2,107,157	2,115,823
Equity		
Fixed assets of Atlantic Lottery Corporation Inc.	440,837	448,195
	$2,547,994	$2,564,018

APPROVED ON BEHALF OF THE BOARD

Chairman **Member**

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
STATEMENTS OF INCOME
FOR THE YEAR ENDED MARCH 31, 1990

	1990	1989
Revenues		
Income from Atlantic Lottery Corporation Inc.	$27,577,196	$30,589,345
Income from lottery licenses	1,551,771	1,496,726
Interest on short-term deposits	1,007	2,172
	29,129,974	32,088,243
Expenses		
Advertising	2,254	—
Commissions on ticket sales	233,281	308,922
Miscellaneous	2,838	2,112
Motor vehicle	21,002	18,591
Office equipment	8,938	10,285
Postage	8,315	8,401
Professional services	1,713	—
Property and occupancy tax (Note 6)	—	1,413
Rent (Note 6)	2,700	18,162
Salaries and employees' benefits	295,593	291,538
Supplies	10,156	11,637
Telephone	8,245	8,757
Travel	25,873	24,034
	620,908	703,852
Net Income	$28,509,066	$31,384,391

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA LOTTERY COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1990

1. Authority

The Nova Scotia Lottery Commission was established under the Lottery Act proclaimed in 1976. The purpose of the Commission is to develop, organize, undertake, conduct, and manage lottery schemes on behalf of the Province of Nova Scotia, or on behalf of the Province of Nova Scotia and other provinces that have an agreement with Nova Scotia respecting any such lottery schemes.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging equipment purchases to expense in the year of acquisition.

3. Atlantic Lottery Corporation Inc.

The Atlantic Lottery Corporation Inc. was incorporated in September, 1976 under the Canada Business Corporations Act to conduct and manage lotteries in Atlantic Canada. The Nova Scotia Lottery Commission holds one of four shares of this Corporation. The Corporation distributes the profits of each lottery in the same proportion as the sales of lottery tickets in the Province.

4. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was created by the provinces to administer national lotteries. The Nova Scotia Lottery Commission holds one share in this Corporation on behalf of the Province of Nova Scotia.

5. Due to Province of Nova Scotia

	1991	1990
Balance, beginning of year	$1,657,351	$1,914,686
Add: Net income	28,509,066	31,384,391
	30,166,417	33,299,077
Less: Payments to the Province	26,930,000	30,145,000
Income from lottery licenses collected directly by the Province	1,551,771	1,496,726
	28,481,771	31,641,726
Balance, end of year	$1,684,646	$1,657,351

6. Occupancy Costs

In 1989 and prior years, occupancy costs were borne by the Commission. The costs of space rental, realty tax, and building operating costs are now paid by the Department of Government Services and are not reflected in these financial statements. These costs amount to $53,600 for the 1990 fiscal year.